



Council Study Meeting
May 16, 2016
6:00 p.m.
City Council Chambers

Agenda

1. Presentation by DA Davidson on the financial analysis for the Wastewater Treatment Plant
2. Discussion regarding the City's recycling contract
3. Other items

City Council Study Meeting

1.

Meeting Date: 05/16/2016

Information

Subject

Presentation by DA Davidson on the financial analysis for the Wastewater Treatment Plant

Information

Mike Maloney, DA Davidson, will present the financial model for the Wastewater Treatment Plant.

Attachments

Waste Water Plant Financial Plan

Memo Hillcrest Urban Renewal Area

Sewer Cash Flow

City of Indianola, Iowa

May 16, 2016



Waste Water Plant Financing Plan



Michael Maloney, Senior Vice President
(515) 471-2723
mmaloney@dadco.com



Scenario Assumptions

- \$26 million facility (plus \$5 million contingencies).
 - ✓ Treatment Plant Equipment is 50-year equipment.
- \$1 million Local Option Tax revenues in FY 17.
- \$800,000 Local Option Tax revenues in FY 18 and beyond.
 - ✓ Contemplates addition of future County-wide sales tax collections.
- Apply FY 17 through FY 21 Local Option Tax Revenues to project (total of \$4.20 million).
- Additional annual renewal and replacement capital projects targeted at \$250,000 per year.
- Sewer fund balance target of 100% of annual operating expenditures.
 - ✓ Additional revenues designated for future capital needs (capital fund).
- No increases in usage/users until 7/1/22.
- 3.00% annual operating expense increases.
- Maintain sewer rates to target 1.25 x minimum debt coverage.

Scenario Details



- Two financings through the State Revolving Fund (SRF) program.
 - ✓ Sewer Revenue Notes – payable only from sewer revenues.
 - Provides \$14.91 million for project costs.
 - 30-year term.
 - 3.00% interest rate.
 - Can pre-pay at anytime with no penalty.
 - ✓ G.O. Local Option Tax Notes – repaid by Local Option Tax.
 - Provides \$11.89 million for project costs.
 - \$800,000 annual debt service payments covered 100% by Local Option Tax.
 - 20-year term.
 - 2.00% interest rate.
 - Can pre-pay at anytime with no penalty.

Additional Scenario Considerations

- Blended interest rate for financing is 2.70%.
- Projected rates to users stay flat through FY 21-22.
 - ✓ Assumes just modest (inflationary) adjustments FY 22-23 and beyond.
 - To cover 3.00% projected annual operating expense growth.
- Capital fund would have over \$2 million available through FY 24-25.
 - ✓ This is in addition to \$250,000 annual target for renewal and replacement capital projects.
- Additional revenues could be applied to early repayment of debt.
 - ✓ May also consider future refinancing of sewer revenue portion with G.O. debt.
 - Would allow continued use of Local Option Tax revenues for debt repayment beyond initial 20 years.
- 20-year scenario would require projected rate increase in FY 19-20.

City of Indianola, Iowa

May 16, 2016

TIF Fund Performance





Hillcrest Urban Renewal Area

- For the Hillcrest Urban Renewal Area, the question asked in the latest few years was whether or not urban renewal revenues would be sufficient to cover the obligations related to the YMCA project and developer commitments.
- However, from FY 15 through FY 17 the related total TIF valuation (original plus areas 2-5 in aggregate) has doubled (\$9.5 million to \$20.3 million) and related TIF revenues have increased over 50% (\$1.0 million to over \$1.5 million).
- This strong valuation growth has supported the repayment of related obligations (2011E, 2012A and 2013B Bonds as well as the developer payments).
 - ✓ Valuation growth is the goal of the City when utilizing TIF.
- The recently executed agreement related to the hotel/convenience store/multifamily complex development would continue this trend based solely on the minimum assessment valuations outlined in the final agreement.
- The City is actively managing the Urban Renewal cash flow as it repays current obligations and evaluates potential opportunities.

Refinancing of YMCA Debt

- Series 2011E, 2012A and 2013B Bonds were issued to support infrastructure improvement related to the YMCA project.
- At this time, refinancing of the 2011E, 2012A and 2013B Bonds do not currently provide sufficient debt service savings to merit pursuing.
 - ✓ Potential for savings available in the next several fiscal years as we reach the respective call dates for the bonds.
 - ✓ This would also potentially allow for a restructuring of the debt payments to better match expected revenue/expense related to the Hillcrest Urban Renewal Area as desired.



Memorandum

To: Ryan Waller, City Manager, City of Indianola, Iowa
From: Michael Maloney, Senior Vice President – D.A. Davidson & Co.
Telephone: 515.471.2723 Email: mmaloney@dadco.com
Date: Monday, April 18, 2016 Page 1 of 1
Re: Hillcrest Urban Renewal Area - Narrative

The purpose of this correspondence is to provide a narrative relating the current performance and outlook of the City's Hillcrest Urban Renewal Area.

For the Hillcrest Urban Renewal Area, the question asked in the latest few years was whether or not urban renewal revenues would be sufficient to cover the obligations related to the YMCA project and SHDC/360 developer commitments. However, as you can see in the analysis, from FY 15 through FY 17 the related total TIF valuation (original plus areas 2-5 in aggregate) has doubled (\$9.5 million to \$20.3 million) and related TIF revenues have increased over 50% (\$1.0 million to over \$1.5 million).

This strong valuation growth has supported not only the repayment of related obligations (2011E, 2012A and 2013B Bonds as well as SHDC/360 payments), but also projects to support future general fund revenues (through valuation release back to base) and/or additional projects.

The recently executed agreement related to the hotel/convenience store/multifamily complex development would continue this trend based solely on the minimum assessment valuations outlined in the final agreement. As shown in the analysis, the subtotal net revenues for FY 17 and beyond are robust. Additionally, this does not account for either additional value growth in existing areas or valuation above the minimum assessments related to the hotel/convenience store/multifamily complex development.

A final consideration is that while a refinancing of the 2011E, 2012A and 2013B Bonds do not currently provide sufficient debt service savings to merit pursuing, there will likely be savings available in the next several fiscal years as we reach the respective call dates for the bonds. This would also potentially allow for a restructuring of the debt payments to better match expected revenue/expense related to the Hillcrest Urban Renewal Area as desired.

Assumptions	
Sewer Usage Growth - Residential	0.00%
Sewer Usage Growth - Non-residential	0.00%
Sewer Usage Growth - Large Users	0.00%
Operating Expenses (FY 16 and beyond)	3.00%
Interest Rate (Assumed for Earnings)	0.50%

Revenue Adjustments						Revenue Adjustments				
09/01/10	18.78%	09/01/13	8.15%	07/01/16	0.00%	07/01/19	0.00%	07/01/22	2.00%	
09/01/11	9.74%	07/01/14	0.00%	07/01/17	0.00%	07/01/20	0.00%	07/01/23	0.00%	
09/01/12	8.88%	07/01/15	0.00%	07/01/18	0.00%	07/01/21	0.00%	07/01/24	2.00%	

Sales Tax Begins 2016
Scenario Notes:
\$31 million Plant Cost
Financing 2019 (partial G.O.)
30-year Financing
\$800,000 LOT Revenue

		Audit	Audit	Audit	Audit	Audit	Audit	Budget	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
		FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
SEWER RATES																	
Monthly Minimum Charge	1	\$6.10	\$7.25	\$7.50	\$7.75	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.16	\$8.16	\$8.33
Usage Charges (per gallon)																	
First 1,000 gallons	2	\$6.10	\$7.25	\$7.50	\$7.75	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.16	\$8.16	\$8.33
All usage over 1,000 gallons	3	\$5.60	\$6.65	\$7.45	\$8.25	\$9.05	\$9.05	\$9.05	\$9.05	\$9.05	\$9.05	\$9.05	\$9.05	\$9.05	\$9.23	\$9.23	\$9.42
Strength Surcharge	4	\$7.00	\$8.31	\$9.31	\$10.31	\$11.31	\$11.31	\$11.31	\$11.31	\$11.31	\$11.31	\$11.31	\$11.31	\$11.31	\$11.54	\$11.54	\$11.77
Avg. Monthly Bill (assumes 4,000 gallons)	5	\$22.90	\$27.20	\$29.85	\$32.50	\$35.15	\$35.15	\$35.15	\$35.15	\$35.15	\$35.15	\$35.15	\$35.15	\$35.15	\$35.85	\$35.85	\$36.58
Avg. Monthly Bill (assumes 12,000 gallons)	6	\$67.70	\$80.40	\$89.45	\$98.50	\$107.55	\$107.55	\$107.55	\$107.55	\$107.55	\$107.55	\$107.55	\$107.55	\$107.55	\$109.70	\$109.70	\$111.90
Ave Revenue per 1,000 Gallons	7	\$6.42	\$7.01	\$8.05	\$8.76	\$9.44	\$9.49	\$9.49	\$9.49	\$9.49	\$9.49	\$9.49	\$9.49	\$9.49	\$9.68	\$9.68	\$9.88
SEWER CONSUMPTION (GALLONS)																	
Residential	8	244,846,563	250,162,000	260,404,531	253,550,549	252,499,050	246,475,670	247,803,183	247,803,183	247,803,183	247,803,183	247,803,183	247,803,183	247,803,183	247,803,183	247,803,183	247,803,183
High Strength - Residential	9	7,491,100	7,866,100	8,095,700	7,264,500	6,603,200	7,172,200	7,738,500	7,738,500	7,738,500	7,738,500	7,738,500	7,738,500	7,738,500	7,738,500	7,738,500	7,738,500
Non-residential	10	25,065,400	26,544,000	16,302,600	27,622,000	30,550,700	25,228,100	24,414,150	25,983,900	25,983,900	25,983,900	25,983,900	25,983,900	25,983,900	25,983,900	25,983,900	25,983,900
High Strength - Non-residential	11	35,467,500	37,941,000	36,320,300	36,502,900	38,092,500	34,160,800	34,813,950	34,813,950	34,813,950	34,813,950	34,813,950	34,813,950	34,813,950	34,813,950	34,813,950	34,813,950
Sewer Meter - Residential	12	23,300	45,400	42,800	38,300	44,600	45,700	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250
Sewer Meter - Non-residential	13	36,300	14,100	19,600	11,600	12,500	10,500	10,950	10,950	10,950	10,950	10,950	10,950	10,950	10,950	10,950	10,950
Sewer Consumption - Total	14	312,930,163	322,572,600	321,185,531	324,989,849	327,802,550	313,092,970	314,836,983	316,406,733	316,406,733	316,406,733	316,406,733	316,406,733	316,406,733	316,406,733	316,406,733	316,406,733
OPERATING REVENUES																	
Charges for Service	15	\$2,007,944	\$2,262,645	\$2,584,145	\$2,845,998	\$3,093,429	\$2,972,746	\$2,989,305	\$3,004,209	\$3,004,209	\$3,004,209	\$3,004,209	\$3,004,209	\$3,004,209	\$3,064,294	\$3,064,294	\$3,125,579
Miscellaneous	16	131,863	241,501	0	1,530	254	0	0	0	0	0	0	0	0	0	0	0
Total Operating Revenues	17	\$2,139,807	\$2,504,146	\$2,584,145	\$2,847,528	\$3,093,683	\$2,972,746	\$2,989,305	\$3,004,209	\$3,004,209	\$3,004,209	\$3,004,209	\$3,004,209	\$3,004,209	\$3,064,294	\$3,064,294	\$3,125,579
OPERATING EXPENSES																	
Cost of Sales and Services	18	\$1,214,098	\$1,481,144	\$1,257,248	\$1,187,513	\$1,149,671	\$1,135,535	\$1,169,601	\$1,204,689	\$1,240,830	\$1,278,055	\$1,316,396	\$1,355,888	\$1,396,565	\$1,438,462	\$1,481,616	\$1,526,064
Reserved	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Expense	21	\$1,214,098	\$1,481,144	\$1,257,248	\$1,187,513	\$1,149,671	\$1,135,535	\$1,169,601	\$1,204,689	\$1,240,830	\$1,278,055	\$1,316,396	\$1,355,888	\$1,396,565	\$1,438,462	\$1,481,616	\$1,526,064
OPERATING INCOME	22	\$925,709	\$1,023,002	\$1,326,897	\$1,660,015	\$1,944,012	\$1,837,211	\$1,819,704	\$1,799,520	\$1,763,380	\$1,726,155	\$1,687,813	\$1,648,321	\$1,607,645	\$1,625,832	\$1,582,678	\$1,599,515
Add Back: Depreciation	23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment Interest	24	63,047	54,333	65,360	69,209	12,748	24,466	6,638	8,606	16,434	23,520	30,705	70,379	20,370	19,988	19,689	19,158
Net Revenues for Debt Service	25	\$988,756	\$1,077,335	\$1,392,257	\$1,729,224	\$1,956,760	\$1,861,677	\$1,826,342	\$1,808,126	\$1,779,814	\$1,749,675	\$1,718,518	\$1,718,700	\$1,628,014	\$1,645,820	\$1,602,367	\$1,618,674

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Net Revenues for Debt Service	26	\$988,756	\$1,077,335	\$1,392,257	\$1,729,224	\$1,956,760	\$1,861,677	\$1,826,342	\$1,808,126	\$1,779,814	\$1,749,675	\$1,718,518	\$1,718,700	\$1,628,014	\$1,645,820	\$1,602,367	\$1,618,674
SEWER DEBT SERVICE																	
Series 1995 Sewer SRF	27	\$27,245	\$27,540	\$27,805	\$28,040	\$28,245	\$28,420	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Series 2009 Sewer SRF	28	55,333	93,876	213,806	450,310	439,849	441,190	441,145	440,905	441,470	441,808	440,918	440,833	441,520	440,948	441,148	441,088
Series 2013 Sewer SRF (Estimate)	29	0	0	0	1,944	209,751	224,972	247,020	246,560	247,040	246,440	246,780	247,040	247,220	246,320	246,360	247,320
Projected Series 2019 SRF	30	0	0	0	0	0	0	0	0	0	0	269,700	404,550	585,750	586,700	587,500	588,150
Reserved	31	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Sewer Revenue Debt	32	\$82,578	\$121,416	\$241,611	\$480,294	\$677,845	\$694,582	\$688,165	\$687,465	\$688,510	\$688,248	\$957,398	\$1,092,423	\$1,274,490	\$1,273,968	\$1,275,008	\$1,276,558
G.O. Debt Abated by Sewer																	
G.O. Series 2002 (11A Ref)	33				\$91,500	\$90,600	\$74,500	\$78,100	\$81,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
G.O. Series 2003 (11A ref)	34				127,200	125,950	59,450	58,350	52,250	51,250	0	0	0	0	0	0	0
G.O. Series 2006A (11A Ref)	35				181,300	184,600	192,400	188,700	0	0	0	0	0	0	0	0	0
G.O. Series 2011B	36				78,200	77,500	76,500	0	0	0	0	0	0	0	0	0	0
Proposed Series 2021B G.O. SRF	37				0	0	0	0	0	0	0	0	0	800,000	800,000	800,000	800,000
Projected Transfers from Local Option Tax	38				0	0	0	0	0	0	0	0	0	(800,000)	(800,000)	(800,000)	(800,000)
Reserved	39				0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Sewer Debt	40	\$712,000	\$705,850	\$648,900	\$478,200	\$478,650	\$402,850	\$325,150	\$133,850	\$51,250	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service Paid by Sewer	41	\$794,578	\$827,266	\$890,511	\$958,494	\$1,156,495	\$1,097,432	\$1,013,315	\$821,315	\$739,760	\$688,248	\$957,398	\$1,092,423	\$1,274,490	\$1,273,968	\$1,275,008	\$1,276,558
DEBT SERVICE COVERAGE																	
Net Revenues/ Revenue Debt	42	11.97 X	8.87 X	5.76 X	3.60 X	2.89 X	2.68 X	2.65 X	2.63 X	2.59 X	2.54 X	1.79 X	1.57 X	1.28 X	1.29 X	1.26 X	1.27 X
Net Revenues / All Debt	43	1.24 X	1.30 X	1.56 X	1.80 X	1.69 X	1.70 X	1.80 X	2.20 X	2.41 X	2.54 X	1.79 X	1.57 X	1.28 X	1.29 X	1.26 X	1.27 X
CASH FLOW AFTER DEBT																	
Bond/Note Proceeds	45	1,465,135	2,755,845	3,790,001	1,944,929	1,364,303	154,591	0	0	0	0	26,800,000	0	0	0	0	0
Transfer (to)/from Restricted	46	0	191,047	21,663	(17,778)	(3,016)	20,094	(496,592)	(1,530,591)	(1,381,070)	(1,399,630)	(7,896,461)	10,041,296	117,014	101,705	149,272	137,644
Proposed Transfers from Local Option Tax	47	0	0	0	0	0	0	0	1,000,000	800,000	800,000	800,000	800,000	0	0	0	0
Other Sources/(Uses) of Cash	48	(330,269)	(155,892)	(187,909)	(337,398)	(338,333)	(167,760)	(169,438)	(171,132)	(172,843)	(174,572)	(176,317)	(178,081)	(179,861)	(181,660)	(183,477)	(185,311)
Capital Projects	49	(1,573,865)	(3,171,697)	(3,647,558)	(2,060,381)	(1,704,219)	(695,086)	(250,000)	(250,000)	(250,000)	(250,000)	(20,250,000)	(11,250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Annual Surplus / (Deficit)	50	(\$244,821)	(\$130,628)	\$477,943	\$300,102	\$119,000	\$76,084	(\$103,003)	\$35,088	\$36,141	\$37,225	\$38,342	\$39,492	\$40,677	\$41,897	\$43,154	\$44,448
UNRESTRICTED CASH																	
Beginning Unrestricted Cash	51	\$674,924	\$430,103	\$299,475	\$777,418	\$1,077,520	\$1,196,520	\$1,272,604	\$1,169,601	\$1,204,689	\$1,240,830	\$1,278,055	\$1,316,396	\$1,355,888	\$1,396,565	\$1,438,462	\$1,481,616
Ending Unrestricted Cash	52	\$430,103	\$299,475	\$777,418	\$1,077,520	\$1,196,520	\$1,272,604	\$1,169,601	\$1,204,689	\$1,240,830	\$1,278,055	\$1,316,396	\$1,355,888	\$1,396,565	\$1,438,462	\$1,481,616	\$1,526,064
Cash as % of Expenses	53	35.4%	20.2%	61.8%	90.7%	104.1%	112.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
RESTRICTED & DESIGNATED CASH																	
Sewer Bond Sinking Fund	54	\$266,989	\$75,942	\$54,279	\$72,057	\$75,073	\$54,979	\$54,979	\$54,979	\$54,979	\$54,979	\$54,979	\$54,979	\$54,979	\$54,979	\$54,979	\$54,979
LOT Fund - WASTEWATER ONLY	55	0	0	0	0	0	0	0	1,000,000	1,800,000	2,600,000	3,400,000	0	0	0	0	0
Sewer Capital Fund	56	0	0	0	0	0	0	496,592	1,027,183	1,608,253	2,207,884	2,504,344	2,663,049	2,546,035	2,444,330	2,295,058	2,157,414
Bond Proceeds	57	0	0	0	0	0	0	0	0	0	0	6,800,000	0	0	0	0	0
Total Restricted Cash	58	\$266,989	\$75,942	\$54,279	\$72,057	\$75,073	\$54,979	\$551,571	\$2,082,162	\$3,463,232	\$4,862,863	\$12,759,323	\$2,718,028	\$2,601,014	\$2,499,309	\$2,350,037	\$2,212,393
TOTAL CASH	59	\$697,092	\$375,417	\$831,697	\$1,149,577	\$1,271,593	\$1,327,583	\$1,721,172	\$3,286,851	\$4,704,062	\$6,140,917	\$14,075,720	\$4,073,916	\$3,997,579	\$3,937,770	\$3,831,653	\$3,738,457

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09/01/12	8.88%	07/01/15	0.00%	07/01/18	0.00%	07/01/21	0.00%	07/01/24	2.00%

Sales Tax Begins 2016
Scenario Notes:
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Financing 2019 (partial G.O.)
30-year Financing
\$800,000 LOT Revenue

	Audit FY 2009-10	Audit FY 2010-11	Audit FY 2011-12	Audit FY 2012-13	Audit FY 2013-14	Audit FY 2014-15	Budget FY 2015-16	Budget FY 2016-17	Projected FY 2017-18	Projected FY 2018-19	Projected FY 2019-20	Projected FY 2020-21	Projected FY 2021-22	Projected FY 2022-23	Projected FY 2023-24	Projected FY 2024-25
Projected Sewer Capital Improvement Plan:																
DNR/EPA Compliance							\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance							100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Vehicles							25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
New Plant							0	0	0	0	20,000,000	11,000,000	0	0	0	0
Reserved							0	0	0	0	0	0	0	0	0	0
Reserved							125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Total							\$250,000	\$250,000	\$250,000	\$250,000	\$20,250,000	\$11,250,000	\$250,000	\$250,000	\$250,000	\$250,000

Information

Subject

Discussion regarding the City's recycling contract

Information

The City has a five year contract with Waste Management (see packet) for residential recycling collection. The contract began January 1, 2012 and will terminate on December 31, 2016. At the end of this period, the contract may be extended for an additional five (5) year period, by mutual agreement signed by both parties, at least 90 days prior to the expiration of the then current term which would be by September 30, 2016.

If council prefers to go out for proposals, they would be sent out by June 15th to be returned by July 18th. The proposal would then be placed on the August 1st council agenda for approval.

The following is a tentative schedule if the proposal is approved at the August 1 council meeting:

August 15, 2016 - set a public hearing for September 6, 2016 to amend the recycling ordinance

September 6, 2016 - hold the public hearing to amend the recycling ordinance

September 19, 2016 - hold the second consideration to amend the recycling ordinance

October 3, 2016 - hold the final consideration to amend the recycling ordinance

October 12, 2016 - ordinance will be published to be effective January 1, 2017

Attachments

Recycling Contract

**CITY OF INDIANOLA, IOWA
CONTRACT FOR RESIDENTIAL RECYCLING COLLECTION**

THIS CONTRACT, made by and between the CITY OF INDIANOLA hereinafter referred to as CITY and, Waste Management of Iowa, Inc., hereinafter referred to as CONTRACTOR, entered into this 1 day of January 2012.

In consideration of the mutual promises and covenants contained herein, the CITY and CONTRACTOR hereby agree as follows:

DEFINITIONS

APPLIANCES – Includes, but is not limited to, refrigerators, freezers, kitchen ranges, air conditioning units, dehumidifiers, water heaters, furnaces, thermostats, clothes washers, clothes dryers, dishwashers, microwave ovens and commercial coolers.

BAGS – Plastic sacks designed for Refuse with sufficient wall strength to maintain physical integrity when lifted by top; securely tied at the top for collection, with a capacity not to exceed 30 gallons and a loaded weight not to exceed forty (40) pounds.

BULKY WASTE – A piece of furniture or waste material from a residential source other than Construction Debris or Hazardous Waste, with a weight or volume greater than that allowed for Containers. Shall include, furniture, bicycles, windows, doors, and many items that can be safely handled by one (1) person and a loaded weight not to exceed forty (40) pounds. Bulk items would not include any waste generated by a household business or any other business (including hobbies, auctions, rummage sales, etc), construction or demolition debris, concrete, brick, asphalt, roofing, cars, motorcycles, boats or parts of vehicles.

CITY – Refers to the City of Indianola, Iowa. Will also refer to the appropriate employee or officer of the municipality authorized to act as its agent in handling the pertinent matters of this Contract.

COMMERCIAL - All establishments where retail, wholesale, service or manufacturing business is conducted, and all apartments, houses, schools, churches, fraternal bodies and other establishments not defined as "residential units".

CONSTRUCTION DEBRIS – Waste building materials resulting from construction, remodeling, repair, or demolition operations.

CONTAINERS – Wheeled "Cart" – A receptacle made of plastic, metal, or fiberglass with a capacity of ninety-six (96) gallons or thirty-five (35) gallons.

CONTRACTOR – The individual, firm, partnership, joint venture, corporation, or association performing refuse or recycling collection and disposal under Contract with the CITY.

CURBSIDE – Refers to the portion of the right-of-way adjacent to paved or traveled roadways.

GARBAGE – Animal or vegetable wastes resulting from the handling, preparation, cooking, serving or consumption of food and including food containers.

HAZARDOUS WASTE – Waste designated as hazardous by the United State Environmental Protection Agency or appropriate state agency.

NON-RESIDENTIAL BULK SOLID WASTE – Bulk solid waste that includes or contains the following materials: Solid waste generated outside the City Limits, solid waste generated by other than residential customers, solid waste generated by businesses, schools or commercial entities, solid waste generated by agricultural activities on farms and properties zoned for agricultural use, solid waste containing asbestos, appliances, tires, lead acid batteries, liquid waste or waste containing free liquids, soils contaminated with petroleum products, solid waste containing construction or demolition debris.

PERFORMANCE BOND – A corporate surety bond that guarantees compensation to the CITY in the event that it must assume the obligations and/or duties of the CONTRACTOR in order to continue the service as may be specified in the agreement.

RECYCLABLE MATERIAL – Newsprint; corrugated cardboard; high-grade paper; clear, green or brown glass; aluminum; steel; bimetal and tin cans, and #1 - #7 plastic.

REFUSE – Discarded waste material in a solid or semi-liquid state, consisting of Garbage, Rubbish, or a combination thereof.

RESIDENTIAL SOLID WASTE – All solid and semisolid animal and vegetable waste resulting from the handling, preparing, cooking, storing, serving, and consuming of food material intended for use as food. All offal excluding useful industrial by-products, and all litter, rubbish, and waste materials or debris, resulting from a residential source, which is acceptable at a licensed landfill/disposal facility or other hazardous designated disposal site, that has been approved by the CITY, and excluding Hazardous Waste, Bulky Waste, Yard Waste, and Construction Debris. As defined herein, Residential Solid Waste shall include Recyclable Waste that has not been separated and placed in a specially designated container by the resident.

RESIDENTIAL UNIT – Single family units, zoned residential and multi-family buildings that have individual collection for each unit, or which are billed separately for water or gas service, zoned residential. Residential Unit shall specifically not include commercial or industrial establishments.

RUBBISH – non-putrescible solid waste consisting of combustible and noncombustible materials, excluding yard and garden wastes.

SCOPE OF CONTRACT

This contract shall become effective and the CONTRACTOR shall begin the service of Residential Recycling collection, as set out by this agreement as of January 1, 2012, .

The initial term of the Contract shall be for five (5) years, commencing on January 1, 2012 and terminating December 31, 2016. At the end of this period, the contract may be extended for additional five (5) year period, by mutual agreement signed by both parties, at least ninety (90) days prior to the expiration of the then current term.

CONTRACT WITH THE CITY – Contractor agrees with the city that contractor shall, during the term of this contract, collect and removal of all Residential Recycling material located with the area as defined in the SERVICE, OPERATIONS, AND PERFORMANCE section. The CONTRACTOR shall furnish all personnel, labor, equipment, trucks and all other items necessary to provide for the collection, and removal as provided herein. The City will be responsible for the billing of the residents as set forth below.

SERVICE, OPERATIONS, AND PERFORMANCE

RECYCLING COLLECTION - All RECYCLABLE MATERIALS shall be picked up CURBSIDE once every other week. It is the responsibility of the residents to see that the recycling container is placed at the curbside in front of the residence, by 7:00 a.m. on the designated collection day.

Each residence will be allowed to set out for collection one (1) ninety six (96) gallon "Cart" or one (1) forty eight (48) gallon if requested by Resident. The CONTRACTOR will be responsible for the cost of the "Carts" provided to all residents. Initial delivery of "Carts" shall be the responsibility of CONTRACTOR.

CONTAINERS - The CONTRACTOR will provide each residential household with one (1) 96 or one (1) 48 gallon wheeled "Cart" to be used for Residential Recycling collection. The CONTRACTOR will also provide an appropriate number of 96 gallon wheeled Carts to all participating multi-family dwellings as specified by the CITY. The CONTRACTOR will retain ownership of the "Carts" supplied and provide maintenance/replacement as necessary through normal usage. The CITY will supply the CONTRACTOR a listing of all residential addresses and a joint effort between the CITY and CONTRACTOR will determine the respective container size for each residence.

REJECTION OF RECYCLABLES – The contractor may decline to collect any container or bag not reasonably placed by the curbside or alley; any additional recyclable materials not properly contained. Where the CONTRACTOR has reason to leave such items at a residence, he or his agent shall mark the container as to why the particular waste was not collected (the CITY and CONTRACTOR may alter the standards for these decisions by mutual agreement).

COLLECTION DAYS/TIMES/ROUTES - The CONTRACTOR shall indicate on what day of the week the collection will take place. If the CONTRACTOR later desires to change the date of collection he must first give the CITY and each resident thirty (30) days notice.

FEES – The CONTRACTOR agrees to assume all landfill, tipping, dumping, licenses, and all other applicable fees, and any cost assessed or caused to be assessed by any Governmental authority, in connection with its collection and removal of Residential Recyclable materials and agrees to pay said fees and costs, including any increases thereof, in a timely manner as required by the landfill authority or regulatory agency, and to hold the City harmless from any liability therefore.

NOTIFICATION OF RESIDENTS – The CONTRATOR will contact all CITY residents to provide necessary initial education of the contracted program. The CITY shall inform all residents as to any changes in rates, regulations, and day(s) for scheduled refuse collection after initial implementation of program defined within this contract.

OFFICE HOURS – CONTRACTOR shall maintain an office with continuous supervision for accepting complaints and calls during the hours of 8:00am – 5:00pm, Monday through Friday.

LEVEL OF SERVICE SELECTION - Change in service level will be allowed one (1) time annually for each owner-occupied residence, based on the initial implementation date of the service, OR at any time of change of occupancy: i.e., new owners or renters.

INDEMNITY – The CONTRACTOR will indemnify and save harmless the CITY, its officers, agents, servants, and employees from and against any and all suits, actions, legal proceedings, claims, demands, damages, costs, expenses, and attorney's fees, and any other costs of defense resulting from a willful or negligent act or omission of the CONTRACTOR, its officers agents, servants, and employees in the performance of this contract; provided, however, that the CONTRACTOR shall not be liable for any suits, actions, legal proceedings, claims, demands, costs, expenses, and attorney's fees arising out of a willful or negligent act or omission of the CITY, its officers, agents, servants, and employees.

DISCRIMINATION – Neither the CONTRACTOR nor any SUBCONTRACTOR or person(s) acting on their behalf shall discriminate against any person because of race, sex, age, creed, color, religion, national origin, veteran status, or disability.

INSURANCE – The CONTRACTOR shall maintain in full force and effect throughout the term of this contract and throughout any extension or renewal thereof the following types of insurance in at least the limits specified below:

Workmen's Compensation	Statutory
General Liability:	
Bodily Injury	\$5,000,000 each occurrence \$6,000,000 aggregate
Property Damage	\$5,000,000 each occurrence \$6,000,000 aggregate
Automobile Liability	
Bodily Injury	\$10,000,000 combined
Property Damage	\$10,000,000 each occurrence
Excess Umbrella Coverage	\$15,000,000 each occurrence

Prior to the commencement of work, the CONTRACTOR shall furnish the CITY with certificates of insurance or other satisfactory evidence that such insurance has been produced and is in force. Said policies shall not thereafter be canceled or permitted to expire.

PERFORMANCE BOND

Before this Contract can be executed, the CONTRACTOR shall furnish a corporate surety bond as security for the performance of the Contract. Said bond must be in the amount of one- hundred percent (100%) of the yearly contract price.

The surety of the bond shall be a duly authorized corporate surety company authorized to do business in the State of Iowa. Attorneys-in-fact who sign Performance Bonds must file with each bond an effectively dated copy of their power of attorney, bearing the seal of the company evidencing such agents authority to execute the bond. In case of extension or termination of this Contract, the CONTRACTOR shall furnish a Performance Bond in the same amount and under the same terms as for the initial Bond. The original Surety, however, is in no way obligated to extend or renew the bond.

This Contract shall be subject to termination by the CITY at any time if said bond is canceled or the surety thereon relieved from liability for any reason. Notice of cancellation of the bond must be served upon the CITY at least sixty (60) days prior to the effective date of said cancellation. The Contract will not be terminated if within thirty (30) days of such notice, the CONTRACTOR files with the CITY a similar bond to be effective for the balance of the Contract period.

PERMITS, LICENSES, and TAXES – The Contractor shall obtain and assume the cost of all licenses and permits and promptly pay all taxes required by the CITY or law.

BASIS AND METHOD OF PAYMENT – In consideration of CONTRACTOR'S services to the CITY, in the collection of Residential Recycling, the CITY shall pay the CONTRACTOR a monthly fee with the first such monthly period commencing January 1st, 2012. The charge shall be equal to: the sum \$2.75 multiplied by the number of residential collections using either a 96 or a 48 gallon Cart.

The number of qualified households and size of containers shall be determined in a joint effort between the CITY and the CONTRACTOR through the contractor's information and the city's list of the total number of residential user billings/counts. The number of determined households shall be reviewed monthly and adjustments for Residential Recycling collection charges by the CONTRACTOR will be adjusted monthly accordingly. The current number of qualified households is 5800.

The CITY shall remit payment within twenty (20) days following the end of each monthly period. The contractor will provide service to any territory annexed by the CITY, or additional growth of residential units. The aforementioned formula for compensation due the contractor will of course provide for greater compensation due the contractor for servicing more residential units. The CONTRACTOR and the CITY agree that they will work together at all times to develop an accurate list of the customers.

BILLING AND PAYMENT – The CITY shall submit statements and collect charges from all residential units for Service provided by the CONTRACTOR, for the collection of RESIDENTIAL RECYCLING, under the terms of this Contract.

The CONTRACTOR shall be entitled to payment for services rendered irrespective of whether or not the CITY collects from customers for such service.

GOST OF SERVICE – The rates submitted by the CONTRACTOR and approved and accepted by the CITY shall apply for first year of this contract term; however, the CONTRACTOR may increase the price of the contract by an amount equal to the percentage increase listed by the Consumer Price Index (CPI) annually on the contract anniversary date. Increases will be calculated using indicators for CPI – All Urban Consumers/Midwest Urban.

SERVICE TO ELDERLY/DISABLED – The CONTRACTOR understands that some of the Residential units to be served under this Contract are occupied by elderly residents and/or disabled residents who have difficulty hauling their Residential Recycling to the curbside, as provided herein. The CONTRACTOR agrees to collect Residential Recycling from an area directly adjacent the residents dwelling, if mutually decided by the CITY and the CONTRACTOR, that the resident is handicapped or physically unable to place their weekly waste curbside. Residential Recycling collected "house side" must be placed in the supplied "Cart".

AREA TO BE SERVED – The CONTRACTOR shall provide collection of Residential Recycling to determined Residential households within the CITY limits of the City of Indianola.

HOLIDAYS – The following holidays (or legally observed days) will be observed as non-collection days by the CONTRACTOR.

New Year's Day	Independence Day	Thanksgiving Day
Memorial Day	Labor Day	Christmas Day

The suspension of collection service on any holiday in no way relieves the CONTRACTOR of its obligation to provide collection service at least once a week. Normally the collection will be planned to be one day after, or, one day before the normal collection day.

COMPLIANCE WITH APPLICABLE LAWS – The parties to this contract agree that the laws of the State of Iowa shall govern the validity, construction, interpretation, and effect of this Contract. The CONTRACTOR shall conduct the service of collecting Residential Recycling as provided for by this Contract in compliance with all applicable federal, state, and local rules, regulations, and laws. This contract and the work to be done as described herein is also subject to the provisions of all pertinent municipal ordinances which are hereby made a part hereof with the same force and effect as if specifically set out herein.

BANKRUPTCY – "Insolvent" for the purposes of this clause shall mean a party's inability to pay its debts as they mature.

A party's insolvency, or voluntary or involuntary bankruptcy, shall not constitute prospective unwillingness and/or inability to perform nor a repudiation of this agreement unless the party fails to give a timely and adequate assurance of its ability to perform. Until such assurances are received, the demanding party may suspend, if commercially reasonable, any performance due upon its part unless already paid for. If a party is unable to give adequate assurance, the other party may terminate the contract with seven (7) days written notice. Assumption of this Contract by a bankrupt debtor's trustee shall initially give rise only to a reasonable sense of insecurity and shall not operate as an automatic repudiation, prospective unwillingness to perform, or a breach of the contract where the CONTRACTOR is in the process of voluntary or involuntary bankruptcy.

The CITY shall not be bound to the contract by an insolvent CONTRACTOR'S trustee or receiver.

In the event of the CONTRACTOR'S bankruptcy the CITY will have the same remedies as provided for BREACH of CONTRACT.

BREACH OF CONTRACT – If the CONTRACTOR fails to perform, or to perform in a satisfactory manner, or to perform in accordance with applicable ordinances, the CITY shall have the right to demand in writing, adequate assurance from the CONTRACTOR that steps have been or are being taken to rectify the situation. The CONTRACTOR must within three (3) days of receipt of such demand, return to the City Clerk, a written statement that explains reasons for nonperformance or delayed, partial or substandard performance during that period and any continuation thereof. The CONTRACTOR also has the option to appear with an explanation before the City Council. Upon receipt of the CONTRACTOR'S statement or the failure of the CONTRACTOR to submit one, the CITY may, with a majority vote of the Council, contract with another Contractor and make demands under the terms of the Performance Bond. The CITY may then, proceed to recover the CITY'S damages, including but not limited to, the costs of replacement services, the cost of any city council meetings, extra employment, incidental damages, attorney fees and court costs.

FORCE MAJEURE – Neither the CONTRACTOR nor the CITY shall be liable for the failure to perform their duties nor for any resultant damage, loss, etc. if such failure is caused by catastrophe, riot, war, governmental order, or regulation, fine, accident, act of God or other similar or different contingency beyond the reasonable control of the CONTRACTOR or CITY. In the case of a severe snowstorm, the Contractor has the right to delay the collection by one day (more if condition warrants with City approval). Notification shall be made to the City as soon as possible if such an option is taken.

If such circumstances persist for more than seven (7) days or if after their cessation the CONTRACTOR is unable to render full or substantial performance for a period of seven (7) days, he may terminate this Contract upon written notice given in seven (7) days in advance to the CITY.

ASSIGNMENT OF CONTRACT – No assignment of this Contract or any right accruing under this contract shall be made in whole or in part by the CONTRACTOR without the express written consent of the CITY, which consent shall not be unreasonably withheld. The delegation of any Contract duties will require the written consent of the Surety and such delegation will not relieve the CONTRACTOR or his Surety or any liability and/or obligation to perform. In the event of any delegation of a duty, the delegate shall assume full responsibility and liability for performance of that duty without affecting the CONTRACTOR'S liability.

CHANGE OF OWNERSHIP – In the event that the CONTRACTOR'S business assets are sold, the CITY maintains the right to hold the original owner solely liable. If, however, the CITY determines that the new ownership can adequately and faithfully render the services called for in the Contract for the remaining term of the Contract, then the CITY may elect to execute a novation allowing the new ownership to assume the rights and duties of this contract and releasing the previous ownership of this Contract and all obligation and liability.

WAIVERS – A waiver by either party of any breach of any provisions hereof shall not be taken or held to be a waiver of any succeeding breach of such provision or as a waiver of any provisions itself. No payment or acceptance of compensation for any period subsequent to any breach shall be deemed a waiver of any right or acceptance of defective performance.

Where the condition to be waived is a material part of the Contract such that its waiver is a material part of the parties, the waiver must be supported by consideration and take the form of a Contract modification as provided for elsewhere in this section.

ILLEGAL AND INVALID PROVISIONS – Should any term, provision or other part of this Contract be declared illegal, it shall be excised and/or modified to conform to the appropriate laws or regulations. Should any term, provision or other part of this contract be held to be inoperative, invalid, or unenforceable, then such provision or portion thereof shall be formed in accordance with applicable laws or regulations. In both cases the remainder of the Contract shall not be affected but shall remain in full force and effect.

JOINT AND SEVERAL LIABILITY – If the CONTRACTOR is comprised of more than one individual, corporation or other entity, each of the entities comprising the CONTRACTOR shall be jointly and severally liable.

BINDING EFFECT – The provisions, covenants, and conditions in this contract apply to bind the parties, their legal heirs, representatives, successors, and assigns.

AMENDMENT TO CONTRACT – No modification or Amendment of the terms hereof shall be effective unless written and signed by the authorized representatives of all parties entitled to receive a right or obligated to perform a duty under this Contract. A signed original is to be fastened to the original Contract with signed copies retained by all parties.

The written modification is not to become effective for a period of seven (7) business days during which time either party may revoke the writing upon delivery to the other party of a written notice of that effect, dated and signed by a notary.

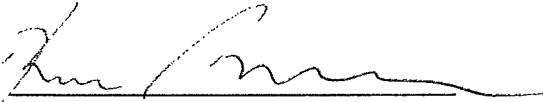
This contract is intended to conform in all respects to applicable statutes of the State of Iowa, and if any part or provision of this contract conflicts with any applicable statute or law, the statute or law shall govern.

This initial contract is effective from the 1st day of January, 2012 and shall expire on the 31st day of December, 2016, with the provision, however, that the CITY may terminate this contract upon notice to the CONTRACTOR when and if said CONTRACTOR shall cease to be licensed by a sanitary landfill agency/ landfill/disposal facility approved by the CITY, or any other regulatory agency, or by the provisions set forth above for failure to perform and abide by the terms of this contract.

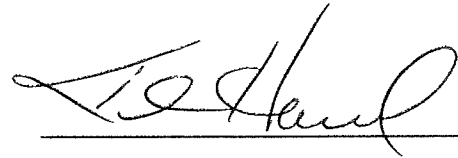
IN WITNESS WHEREOF, the contracting parties have executed this Contract on the date first written above, executed in duplicate.

CITY OF INDIANOLA, IOWA

CONTRACTOR
Waste Management of Iowa

By: 

Mayor



Area Vice President



City of INDIANOLA
City Clerk

12/12/11

Date

Information	
Subject	
Other items	
Information	